

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

IRS Grants Tax Relief for Hurricane Isabel Victims

IR-2003-112, Sept. 24, 2003

WASHINGTON —The Internal Revenue Service today announced special tax relief for residents in the Presidential Disaster Areas that were struck by Hurricane Isabel, beginning Sept. 18, 2003. This relief applies in the District of Columbia and parts of four states which the Federal Emergency Management Agency has declared eligible for individual assistance.

The relief gives affected individual and business taxpayers additional time to file and pay certain taxes, and it provides affected employers extra time to make federal tax deposits.

“We are providing relief to taxpayers in four states hit by Hurricane Isabel, which is consistent with our practice in Presidential Disaster Areas,” said IRS Commissioner Mark W. Everson. “Especially in these difficult circumstances, the IRS wants to help people meet their tax obligations with the least amount of burden.”

Those states and counties covered by today’s announcement are:

In Delaware, the counties of: Kent, New Castle and Sussex.

In Maryland, the City of Baltimore and the counties of: Allegany, Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Cecil, Charles, Dorchester, Frederick, Garrett, Harford, Howard, Kent, Montgomery, Prince George's, Queen Anne's, Somerset, St. Mary's, Talbot, Washington, Wicomico and Worcester.

In North Carolina, the counties of: Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Craven, Currituck, Dare, Edgecombe, Gates, Halifax, Hertford, Hyde, Jones, Martin, New Hanover, Northampton, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Pitt, Tyrrell and Washington.

In Virginia, the cities of: Alexandria, Bedford, Buena Vista, Charlottesville, Chesapeake, Colonial Heights, Danville, Emporia, Falls Church, Fairfax, Franklin, Fredericksburg, Hampton, Harrisonburg, Hopewell, Lynchburg, Manassas, Manassas Park, Newport News, Norfolk, Petersburg, Poquoson, Portsmouth, Richmond, Staunton, Suffolk, Virginia Beach, Waynesboro, Williamsburg and Winchester; and the counties of: Accomack, Albemarle, Amelia, Amherst, Appomattox, Arlington, Augusta, Bedford, Brunswick, Buckingham, Campbell, Caroline, Charles City, Charlotte, Chesterfield,

Clarke, Culpeper, Cumberland, Dinwiddie, Essex, Fairfax, Fauquier, Fluvanna, Frederick, Gloucester, Goochland, Greene, Greensville, Halifax, Hanover, Henrico, Isle of Wight, James City, King George, King William, King and Queen, Lancaster, Louisa, Loudoun, Lunenburg, Madison, Mathews, Mecklenburg, Middlesex, Nelson, New Kent, Northampton, Northumberland, Nottoway, Orange, Page, Pittsylvania, Powhatan, Prince Edward, Prince George, Prince William, Rappahannock, Richmond, Rockbridge, Rockingham, Shenandoah, Southampton, Spotsylvania, Stafford, Surry, Sussex, Warren, Westmoreland and York.

- The Extension Date for the items described below under “Extensions to File or Pay Taxes” is Nov. 18, 2003, except for Federal Tax Deposits for which the extension date is September 29.
- The Designated Period for extensions is Sept. 18 through Nov. 18, 2003.
- The Disaster Designation for this area is “Hurricane Isabel” – taxpayers mark certain relief-related forms with this designation.

Affected Taxpayers

For the purposes of this tax relief, affected taxpayers include individuals and businesses located in the disaster area, those whose tax records are located in the disaster area, and relief workers. The same relief will also apply to any counties added to the Presidential disaster area.

Extensions to File or Pay Taxes

The IRS gives affected taxpayers until the Extension Date to file tax returns or make tax payments that have either an original or extended due date falling within the Designated Period. The IRS will abate interest and any late filing or late payment penalties that would apply during these dates to returns or payments subject to these extensions.

The IRS also gives affected taxpayers until the Extension Date to perform certain other time-sensitive actions described in Treasury Regulation § 301.7508A-1(c)(1) and Rev. Proc. 2002-71, 2002-46 I.R.B. 850, that are due to be performed during the Designated Period. This relief includes the filing of Form 5500 series returns, in the manner described in section 8 of Rev. Proc. 2002-71.

This extension to file and pay does not apply to information returns (other than Form 5500 series), or employment and excise tax deposits; however, penalties on deposits due during this period may be abated based on reasonable cause, as long as the tax deposit is made by September 29, 2003.

To qualify for this relief, affected taxpayers should put the Disaster Designation assigned for their area in red ink at the top of the return, except for Form 5500, where filers should check Box D in Part 1 and attach a statement, following the form’s instructions. Individuals or businesses located in the disaster area – or taxpayers

outside the area that were directly affected by these storms – should contact the IRS if they receive penalties for filing returns or paying taxes late.

Casualty Losses

Affected taxpayers in a Presidential Disaster Area have the option of claiming disaster-related casualty losses on either their 2002 or 2003 federal income tax returns. Claiming the loss on an original or amended 2002 return will get the taxpayer an earlier refund, but waiting to claim the loss on the 2003 return could result in a greater tax saving, depending on other income factors.

Individuals may deduct personal property losses that are not covered by insurance or other reimbursements, but they must first subtract \$100 for each casualty event and then subtract ten percent of their adjusted gross income from their total casualty losses for the year. For details on figuring a casualty loss deduction, see IRS Publication 547, "Casualties, Disasters and Thefts."

Affected taxpayers claiming the disaster loss on a 2002 return should put the Disaster Designation assigned for their area in red ink at the top of the form so that the IRS can expedite the processing of the refund.

Other Relief

The IRS will waive the usual fees and expedite requests for copies of previously filed tax returns for affected taxpayers who need them to apply for benefits or to file amended returns claiming casualty losses. Such taxpayers should put the Disaster Designation assigned for their area in red ink at the top of Form 4506, "Request for Copy or Transcript of Tax Form," and submit it to the IRS.

Affected taxpayers who are contacted by the IRS on a collection or examination matter should explain how the disaster impacts them so that the IRS can provide appropriate consideration to their case.

Taxpayers may download forms and publications from the IRS Web site at www.irs.gov or may order them by calling 1-800-TAX-FORM (1-800-829-3676). The IRS toll-free number for general tax questions is 1-800-829-1040.